IN THE CLAIMS:

Claim 1. (Currently amended) A method to induce differentiation of ~~a~~ an isolated or purified naïve $CD4^+$ T cell to a Tr1 cell comprising contacting the naïve $CD4^+$ T cell with an appropriate amount of interferon-α (IFN-α) and an appropriate amount of IL-10.

Claim 2. (Currently amended) The method of Claim 1, wherein said Tr1 cell is characterized by:

a) CD4 expression;

b) high levels of IL-10 production;

c) significant levels of TGF-β or IFN-γ production; and

d) little or no production of IL-4 or IL-2.

Claim 3. (Currently amended) The method of Claim 2, wherein:

a) ~~said high level of~~ the IL-10 production is at least 6000 pg ~~in 1 ml for 10^6 cells in 48 h~~;

b) ~~said significant level of~~ the TGF-β production is at least ~~600~~ 100 pg ~~in 1 ml for 10^6 cells in 48 h~~;

c) ~~said significant level of~~ the IFN-γ production is at least ~~1000~~ 400 pg ~~in 1 ml for 10^6 cells in 48 h~~;

d) ~~said little or no~~ the IL-4 production is less than 200 pg ~~in 1 ml for 10^6 cell in 48 h~~; or

e) ~~said little or no~~ the IL-2 production is less than 200 pg ~~in 1 ml for 10^6 cell in 48 h~~;

when evaluated from cultures of about 10^6 cells per ml per 48 hours.

Claim 4. (Currently amended) The method of Claim 2, wherein:

a) ~~said high level of~~ the IL-10 production is at least ~~6000~~ 12000 pg ~~in 1 ml for 10^6 cells in 48 h~~;

b) ~~said significant level of~~ the TGF-β production is at least 600 pg ~~in 1 ml for 10^6 cells in 48 h~~;

c) ~~said significant level of~~ the IFN-γ production is at least 1000 pg ~~in 1 ml for 10^6 cells in 48 h~~;

d) ~~said little or no~~ the IL-4 production is less than ~~200~~ 100 pg ~~in 1 ml for 10^6 cell in 48 h~~; or

e) ~~said little or no~~ the IL-2 production is less than ~~200~~ 100 pg ~~in 1 ml for 10^6 cell in 48 h~~;

when evaluated from cultures of about 10^6 cells per ml per 48 hours.

Claim 5. (Original) The method of Claim 2, wherein said Tr1 cell:

a) has a reduced proliferative potential in response to polyclonal activation; and/or

b) suppresses response to alloantigens by responder T cells.

Claim 6. (Currently amended) The method of Claim 1, wherein said Tr1 ~~cells~~ cell suppresses antigen-specific activation of a naive autologous T ~~cells~~ cell.

Claim 7. (Original) The method of Claim 5, wherein said suppressed response to alloantigens is mediated by IL-10 and/or TGF-β.

Claims 8-10. (Cancelled).

Claim 8/11. (Original) The method of Claim 1, wherein said contacting is in combination with an antigen.

Claim 9/12. (Original) The method of Claim 8/11, wherein said antigen is an alloantigen.

Claim 10. (Currently amended) The method of Claim 1, wherein said Tr1 ~~cells are~~ cell is further proliferated in IL-15.

Claim 11. (Currently amended) The method of Claim 1, wherein said Tr1 ~~cells are~~ cell is further tested for antigen specificity.

Claims 15-18. (Cancelled).

Claim 19. (New) A method to induce differentiation of an isolated or purified cord blood T cell lo a Tr1 cell comprising contacting the cord blood cell with an appropriate amount of IFN-α.